

**AMENDMENT AGREEMENT**

**Between**

**VIRGINIA RESOURCES AUTHORITY**

**And**

**COUNTY OF FAUQUIER, VIRGINIA**

**Dated as of October 15, 2002**

**Virginia Resources Authority  
Infrastructure Revenue Bonds  
(Pooled Loan Bond Program)  
Series 2002B**

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## **AMENDMENT AGREEMENT**

**THIS AMENDMENT AGREEMENT** (this "Agreement") is made as of October 15, 2002, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), and the **COUNTY OF FAUQUIER, VIRGINIA**, a political subdivision of Commonwealth of Virginia (the "County").

**A.** On May 26, 1993, the Authority issued its \$5,350,000 Solid Waste Disposal System Revenue Bonds, 1993 Series A (the "Refunded VRA Bonds") pursuant to an Indenture of Trust, dated as of May 1, 1993 (the "Prior Indenture") between the Authority and SunTrust Bank (as successor to Signet Trust Company), as trustee (the "Prior Trustee").

**B.** VRA used a portion of the proceeds of the Refunded VRA Bonds to acquire from the County its Solid Waste Management System Revenue Bonds, Series of 1993 (the "County Bonds") in the original principal amount of \$4,880,000, pursuant to a Financing Agreement dated as of May 1, 1993 (the "Financing Agreement") between the Authority and the County

**C.** The Authority intends to issue its \$\_\_\_\_\_ Infrastructure Revenue Bonds (Pooled Loan Bond Program), Series 2002B (the "Series 2002B VRA Bonds"), and to use a portion of the proceeds thereof to refund, defease and redeem the Refunded VRA Bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as previously supplemented (the "Master Indenture") between the Authority and Wachovia Bank, National Association (as successor to First Union National Bank), as trustee (the "Trustee"), and as supplemented by a Sixth Supplemental Series Indenture of Trust dated as of October 15, 2002 (the "Sixth Supplemental Series Indenture" and, together with the Master Indenture, the "Indenture") between the Authority and the Trustee.

**D.** The County Bonds will continue to be held on behalf of the Authority but shall be transferred to the Trustee from the Prior Trustee to secure the Series 2002B VRA Bonds.

**E.** The Authority and the County wish to set forth in this Agreement certain amendments to the Financing Agreement and the County Bonds.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the Authority and the County covenant and agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** The capitalized terms contained in this Agreement shall have the meanings set forth in the Financing Agreement except as defined in the recitals above or unless the context otherwise requires.

## ARTICLE II

### AMENDMENTS TO FINANCING AGREEMENT

**Section 2.1 Amendments to Article I of the Financing Agreement.** Section 1.1 of the Financing Agreement is amended as follows:

- (a) The term "Authority Bonds" is amended to read as follows:

"Authority Bonds" means the Virginia Resources Authority Infrastructure Revenue Bonds (Pooled Loan Bond Program) Series 2002B in the original aggregate principal amount of \$\_\_\_\_\_.

- (b) The term "Indenture" is amended to read as follows:

"Indenture" means the Master Indenture of Trust dated as of March 1, 2000, as previously supplemented and amended between the Authority and the Trustee, and as further supplemented by a Sixth Supplemental Series Indenture of Trust dated as of October 15, 2002 between the Authority and the Trustee.

- (c) The term "Trustee" is added to read as follows:

"Trustee" means Wachovia Bank, National Association.

- (d) The term "Special Redemption" is deleted.

- (e) The term "VRA Bonds" is added to read as follows:

"VRA Bonds" means the Authority Bonds and any additional series of Bonds issued under the Indenture.

**Section 2.2 Amendments to Section 6.1 of the Financing Agreement.**

- (a) The initial paragraph of Section 6.1 and subsection 6.1(a) are amended to read as follows:

Section 6.1. Payment of County Bonds; Replenishment of Capital Reserve Fund. Until the principal of and interest on the

County Bonds and all amounts payable pursuant to this Agreement have been paid in full, the County agrees to pay the Trustee or the Authority the following amounts as provided below:

(a) To the Trustee, the amounts required by the County Bonds on such dates and in such manner as provided for in Exhibit A to the Amendment Agreement. The term "interest," as used in the County Bond and this Agreement, shall include Supplemental Interest, when and if payable.

(b) Section 6.1(b) is deleted.

(c) Section 6.1(c) of the Financing Agreement is amended to read as follows:

(c) (1) If any failure of the County to pay all or any portion of any required payment of the principal of or premium, if any, or interest on the County Bond results in a withdrawal from the Capital Reserve Fund and/or a drawing on any CRF Credit Facility (as defined in the Indenture), the interest rates applicable to the County Bond shall be increased to interest rates sufficient to reimburse the Capital Reserve Fund for any foregone investment earnings on the funds withdrawn therefrom and/or pay any interest, fees or penalties assessed by the CRF Credit Provider (as defined in the Indenture) as a result of the drawing on the CRF Credit Facility. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The County's obligation to pay Supplemental Interest shall commence on the date of the Authority's withdrawal of funds from the Capital Reserve Fund or the drawing on the CRF Credit Facility occasioned by the County's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The County's obligation to pay Supplemental Interest shall terminate on the date on which the County remedies such failure to pay by making all payments required but outstanding since the date of such failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in the County Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in the County Bond, the Authority shall deliver to the County a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of

calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, the Authority may use any reasonable averaging and attribution methods.

The County's obligations to pay the amounts described above and to make payments as scheduled under the County Bond shall not be discharged in whole or in part by any transfer made by the Trustee from the Capital Reserve Fund or drawing on a CRF Credit Facility pursuant to the Indenture. The County will remain obligated to make its payments under the County Bond.

(2) With respect to any deficiency in the Capital Reserve Fund that is not caused by a default in payments under the County Bonds, commencing with the first day of December, 2002, and continuing on the first day of each month thereafter until the deficiency is eliminated, to the Trustee, an amount equal to the Locality's share (as determined by the Authority) of one-fifth of the amount of any deficiency in the amount on deposit in the Capital Reserve Fund as determined on the immediately preceding Reserve Determination Date. [On and immediately after the Series 2002B Closing Date (as defined in the Indenture), the Capital Reserve Fund will contain no bond proceeds or other funds and will be funded exclusively by CRF Credit Facilities.]

**Section 2.3 Amendments to Section 6.2 of the Financing Agreement.** (a) Section 6.2(a) of the Financing Agreement is amended to read as follows:

(a) Other than as set forth in this subsection, the County may not defease, redeem, prepay or refund the County Bonds without the written consent of the Authority. Any defeasance, redemption, prepayment or refunding that is approved by the Authority shall occur in such manner and in such amount, and shall be subject to such conditions as the Authority shall determine.

The Authority will cancel and return the County Bonds to the County upon satisfaction of the following conditions:

(1) The County will provide not less than 90 days' prior written notice of the deposit of the funds described in (2), (3) and (4) below.

(2) The County will deposit with the Trustee an amount sufficient for the Authority to establish an escrow of cash and United States Treasury Securities—State and Local Government

Series ("SLGs") the principal of and interest on which will be sufficient (without reinvestment) to cause the defeasance in full of the principal of and redemption premium, if any, and interest on the portion of the Series 2002B VRA Bonds allocable to the County Bonds (as determined by the Authority) (the "Related Series 2002B VRA Bonds") under Article XII of the Master Indenture. The defeasance of the Related Series 2002B VRA Bonds may be either to maturity or an earlier redemption date as determined by the County. The County acknowledges that no funds in the Capital Reserve Fund, if any, will be available to the County for any deposit under this subsection (b). The SLGs will have a yield not in excess of the arbitrage yield on the Series 2002B VRA Bonds.

(3) The County will deposit with the Authority cash in an amount sufficient, as determined by the Authority, to provide for the payment of the cost of the verification report required for the defeasance of the Related Series 2002B VRA Bonds under Article XII of the Master Indenture and all amounts overdue or then due on the County Bonds and amounts overdue, due or to become due under Section 6.1 of this Agreement.

(4) The County will deposit with the Authority cash in an amount equal the present value of interest that would be paid on the County Bonds at a rate equal to .10 of one percent, payable semiannually, to the final maturity of the County Bonds or, if earlier, the redemption date of the Related Series 2002B VRA Bonds. Present value shall be determined by using a discount rate equal to the arbitrage yield on the Series 2002B VRA Bonds.

(b) Sections 6.2(c) and (d) are deleted.

**Section 2.4 Amendment to Section 6.4 of the Financing Agreement.** Section 6.4 of the Financing Agreement is amended to read as follows:

The County Bonds may only be defeased in accordance with Section 6.2(a).

**Section 2.5 Amendment to Article IX.** Article IX of the Financing Agreement is amended to include the following Section 9.11:

Section 9.11 Continuing Disclosure. (a) For purposes of this section, the following terms and phrases shall have the following meaning:

"**Annual Financial Information**" with respect to any Fiscal Year for the County means the following:

(i) the financial statements (consisting of at least a balance sheet and statement of revenues and expenses) of the System, or, if not available, the financial statements (consisting of at least a balance sheet and a statement of revenues and expenses) of the County, which financial statements must be (A) prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the County after the date of this Agreement from changing such other principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable law) and (B) audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted auditing standards as in effect from time to time (provided that if audited financial statements are not available for filing when required by this Section or the Rule (as defined herein), unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

(ii) operating data of the type set forth in Exhibit F.

**"Dissemination Agent"** shall mean any person, reasonably acceptable to the Authority, whom the County contracts in writing to perform its obligations as provided in subsection (i) of this section.

**"Final Official Statement"** shall have the meaning set forth in the Rule.

**"Made Public"** shall have the meaning set forth in subsection (c) of this Section.

**"Material Locality"** shall mean the County if the aggregate outstanding principal amount of the County Bond and any other of the County's County Bonds purchased with proceeds of the VRA Bonds represent ten percent (10%) or more of the outstanding aggregate principal amount of the County Bonds purchased with proceeds of the VRA Bonds.

**"Rule"** means Rule 15c2-12, as it may be amended from time to time, under the Securities Exchange Act of 1934 and any similar rules of the SEC relating to disclosure requirements in the offering and sale of municipal securities, all as in effect from time to time.



"SEC" means the U.S. Securities and Exchange Commission.

(b) The County shall cause to be Made Public:

(1) Within seven months after the end of the County's Fiscal Year (commencing with the Fiscal Year in which the Series 2002A Closing Date occurs), Annual Financial Information for such Fiscal Year as of the end of which the County constitutes a Material Locality. Annual Financial Information may be set forth in the documents Made Public or may be included by reference in a document Made Public to any document previously filed with each NRMSIR (as defined in subsection (c) below), the Virginia SID (as defined in subsection (c) below), if any, the Municipal Securities Rulemaking Board ("MSRB") or the SEC. If the document referred to is a Final Official Statement, then it must be available from the MSRB.

(2) In a timely manner, notice of any failure by the County to cause to be Made Public Annual Financial Information pursuant to the terms of part (1) of this subsection.

(c) For purposes of this Section, information and notices shall be deemed to have been "Made Public" if transmitted as follows:

(1) In the case of Annual Financial Information, to the Authority, to the Trustee and to:

(A) each nationally recognized municipal securities information repository ("NRMSIR") approved as such by the SEC from time to time, at its then current address, including the following NRMSIRs existing as of the date of this Agreement so long as such entities remain NRMSIRs:

**Bloomberg Municipal Repository**

100 Business Park Drive  
Skillman, New Jersey 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

**DPC Data Inc.**

One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701

Fax: (201) 947-0107  
Email: [nrmsir@dpccdata.com](mailto:nrmsir@dpccdata.com)

**FT Interactive Data**

Attn: NRMSIR  
100 William Street  
New York, New York 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390 (Secondary Market Information)  
(212) 771-7391 (Primary Market Information)  
Email: [NRMSIR@FTID.com](mailto:NRMSIR@FTID.com)

**Standard & Poor's J. J. Kenny Repository**

55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

(B) any applicable state-based information depository that exists from time to time (the "Virginia SID") for the purpose of receiving information concerning municipal securities and is generally recognized as the state information depository for the Commonwealth of Virginia, at its then current address.

(2) In the case of information required by subsection (b)(2) of this Section, to the Authority, to the Trustee and to:

(A) Municipal Securities Rulemaking Board  
1900 Duke Street, Suite 600  
Alexandria, Virginia 22314  
Phone: (703) 797-6600; and

(B) the Virginia SID.

(d) the County shall also notify the Authority as promptly as possible upon becoming aware of any of the following events that may from time to time occur with respect to the County Bond:

(1) principal and interest payment delinquencies;

- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancement maintained with respect to the County Bond reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of interest on the County Bond;
- (7) modifications to rights of the holders of the County Bond;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the County Bond; and
- (11) rating changes.

(e) Notwithstanding anything in this Agreement to the contrary, the County need not comply with the provisions of subsections (a) through (d) above unless and until the Authority has notified the County that it satisfied the objective criteria for a Material Locality as of the end of the Authority's immediately preceding fiscal year.

(f) The obligations of the County under this Section will terminate upon the redemption, defeasance (within meaning of the Rule) or payment in full of all of the VRA Bonds.

(g) (1) If the County fails to comply with any covenant or obligation set forth in this Section, any holder (within the meaning of the Rule) of VRA Bonds then Outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of the County's covenants or obligations set forth in this Section.

(2) Notwithstanding anything herein to the contrary, any failure of the County to comply with any disclosure

obligation specified in this Agreement (i) shall not be deemed to constitute an Event of Default under this Agreement and (ii) shall not give rise to any right or remedy other than that described in part (1) of this subsection.

(h) The County may from time to time disclose certain information and data in addition to that required under this Section. Notwithstanding anything in this Agreement to the contrary, the County shall not incur any obligation to continue to provide, or to update, such additional information or data.

The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligation to cause to be Made Public the information described in this Section, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

**Section 2.6    Amendment to Section 11.6 of the Financing Agreement.** The notice address for the Trustee listed under (c) in Section 11.6 is amended as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ARTICLE III**

**DISPOSITION OF LOCAL FUNDS AND PAYMENTS**

**Section 3.1    Reduction of County Bond Payments.** In accordance with the Indenture the County and the Authority agree to the reductions in [interest] payments due under the County Bond and the Financing Agreement as described in Exhibit A hereto.

**Section 3.2    Disposition of Local Funds.** [Discuss disposition of any savings and other amounts freed up by the refunding (i.e. released reserve funds)].

**Section 3.3    Arbitrage Calculation.** The County agrees to cause the arbitrage calculation and rebate payment (if any) in connection with the refunding of the Refunded VRA Bonds to be made within sixty days after the redemption of the Refunded VRA Bonds.

## ARTICLE IV

### WAIVER AND ACKNOWLEDGMENT

**Section 4.1 Waiver of Redemption Provisions Under County Bond.** The County hereby waives any right to prepay, redeem, refund or purchase its County Bonds except in accordance with the optional redemption provisions described in Section 2.3 hereof.

**Section 4.2 Defeasance of Refunded VRA Bonds.** The County acknowledges the defeasance of the Refunded VRA Bonds and the termination of the Prior Indenture. The County also acknowledges that the County Bonds shall be transferred from the Prior Trustee to the Trustee for the benefit of the Authority pursuant to the Indenture.

**Section 4.3 Further Assurances.** The County shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, Revenues and other funds pledged or assigned by the Financing Agreement and this Agreement, or as may be required to carry out the purposes of the Financing Agreement and this Agreement.

## ARTICLE V

### MISCELLANEOUS

**Section 5.1 Successors and Assigns.** This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 5.2 Applicable Law.** This Agreement shall be governed by the laws of the Commonwealth of Virginia.

**Section 5.3 Ratification of Financing Agreement.** All of the representations of the Authority and the County contained in Article II of the Financing Agreement are true and correct as of the date hereof. All terms of the Financing Agreement except as amended or modified by the terms of this Agreement are hereby reaffirmed, ratified and confirmed.

**Section 5.4 Severability.** If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Authority and the County, as the case may be, only to the extent permitted by law.

**Section 5.5 Headings.** The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

**Section 5.6 Term of Agreement.** This Agreement shall be effective upon its execution and delivery, provided that the County Bond previously or simultaneously has been executed and delivered. Except as otherwise specified, the County's obligations under the County Bond and this Agreement shall expire upon payment in full of the County Bond and all other amounts payable by the County under the Financing Agreement.

**Section 5.7 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

**WITNESS** the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
Darrell V. Hill,  
Executive Director

**COUNTY OF FAUQUIER, VIRGINIA**

By: \_\_\_\_\_  
Chairman

The Trustee, by the execution hereof, accepts the duties imposed on it by this Agreement and the Financing Agreement.

**WACHOVIA BANK, NATIONAL  
ASSOCIATION**, as Trustee

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**DEBT SERVICE SCHEDULE**